

NOTICE OF FINAL RULEMAKING
TITLE 2. ADMINISTRATION
CHAPTER 8. STATE RETIREMENT SYSTEM BOARD

PREAMBLE

1.

<u>Sections Affected</u>	<u>Rulemaking Action</u>
R2-8-501	Amend
R2-8-502	Amend
R2-8-503	Amend
R2-8-507	Amend
R2-8-508	Amend
R2-8-509	Amend
R2-8-510	Amend
R2-8-511	Amend
R2-8-512	Amend
R2-8-513	Amend
R2-8-513.01	New Section
R2-8-513.02	New Section
R2-8-514	Amend
R2-8-515	Amend
R2-8-516	Amend
R2-8-517	Amend
R2-8-518	Amend
R2-8-519	Amend
R2-8-520	Amend
2. **The specific authority for the rulemaking, including both the authorizing statute (general) and the statutes the rules are implementing (specific):**

Authorizing statutes: A.R.S. §§ 38-714(F)(5), 38-715(C)(3)
Implementing statutes: A.R.S. §§ 8-711, 38-730, 38-742, 38-743, 38-744, 38-745, 38-747, 38-769, 38-921, 38-922
3. **The effective date of the rules:**

This rule becomes effective upon filing with the Secretary of State. This immediate effective date is allowed under A.R.S. § 41-1032(A)(4), which allows a rule to become effective immediately

when it provides a benefit to the public and a penalty is not associated with a violation of the rule. It is a benefit to the public to have current, up-to-date rules that provide current procedures for purchasing service credit. This rule does not impose any additional requirements upon the public, and there is no penalty associated with the violation of this rule.

4. A list of all previous notices appearing in the Register addressing the proposed rule:

Notice of Rulemaking Docket Opening: 12 A.A.R. 835, March 17, 2006

Notice of Rulemaking Docket Opening: 12 A.A.R. 3194, September 1, 2006

Notice of Proposed Rulemaking: 12 A.A.R. 3106, September 1, 2006

5. The name and address of agency personnel with whom persons may communicate regarding the rule:

Name: Nancy O. Johnson, Rules Coordinator

Address: Arizona State Retirement System

3300 N. Central, 14th Fl.

Phoenix, AZ 85012

Telephone: (602) 308-5172

Fax: (602) 264-6113

E-mail: nancyj@azasrs.gov

or

Name: Patrick M. Klein, Assistant Director, External Affairs

Arizona State Retirement System

Address: 3300 N. Central Ave., 14th Floor

Phoenix, Arizona 85012

Telephone: (602) 240-2044

Fax Number: (602) 240-5303

E-mail: patk@azasrs.gov

6. An explanation of the rule, including the agency's reasons for initiating the rule:

A.R.S. §§ 38-743, 38-744, 38-745, and 38-747 allow a current, contributing member of ASRS to purchase credited service, upon which ASRS benefits are based. The current rules became effective June 30, 2005. Since that time the ASRS has identified several areas in the Purchasing Service Credit rules that need adjustment in order for the program to conform to federal and state law, run more smoothly, and treat all members fairly.

The rulemaking will:

1. Increase the amount of time a member has to return a signed Irrevocable Payroll Deduction Authorization and provide the circumstances under which exceptions to the time limitations will be made,
 2. Amend the document requirements for purchasing military service credit,
 3. Clarify the difference between terminating and transferring employment,
 4. Define additional terms,
 5. Adjust various items of procedure in the process for purchasing service credit, and
 6. Make technical and clarifying changes to the rules.
7. **A reference to any study relevant to the rule that the agency reviewed and relied on in its evaluation of or justification for the rule or did not rely on in its evaluation of or justification for the rule, where the public may obtain or review each study, all data underlying each study, and any analysis of each study and other supporting material:**
The agency did not review any study relevant to the rule.
8. **A showing of good cause why the rule is necessary to promote a statewide interest if the rule will diminish a previous grant authority of a political subdivision of this state:**
Not applicable
9. **The summary of the economic, small business, and consumer impact:**
Annual costs/revenues changes are designated as minimal when less than \$1,000, moderate when between \$1,000 and \$10,000, and substantial when \$10,000 or greater in additional costs or revenues.

The ASRS will bear moderate to substantial costs for promulgating and enforcing the rules. Costs for promulgating the rules include staff time to write, review, and direct the rules through the rulemaking process.

The majority of the rule changes have no monetary impact, as they are changes to clarify language in the rule or processes for purchasing service credit.

One change that does have a financial impact on ASRS members is a change in the way salary is calculated for Presidential Call-up service. The rule change was made to conform to federal law and a change in A.R.S. § 38-745 that requires the salary calculation to take into account any increases in salary the member would have received had the member not been called to active military service by Presidential Call-up. That change has a minimal to moderate impact on each employee member, and minimal to substantial impact on each ASRS employer member, depending on how many employee members the employer has who are called to active duty

under R2-8-510, and whether the employee's salary would have increased during their active duty time.

The additional language in R2-8-520, indicating that survivors may not purchase the remaining balance of a deceased member's Irrevocable Payroll Deduction Authorization has no impact because statute does not provide for the purchase of service credit by anyone other than a member.

10. A description of the changes between the proposed rules, including supplemental notices, and final rules (if applicable):

1. A change was made to R2-8-511(A)(10)(c) for clarification, and is not a substantial change. The language, "in a reasonable time" was changed to "within 90 days of being notified of the audit results."
2. Other minor technical and grammatical changes were made at the suggestion of GRRC staff.

11. A summary of the comments made regarding the rule and the agency response to them:

None

12. Any other matters prescribed by statute that are applicable to the specific agency or to any specific rule or class of rules:

Not applicable

13. Incorporation by reference and their location in the rules:

Not applicable

14. Was this rule previously made as an emergency rule?

No

15. The full text of the rule follows:

TITLE 2. ADMINISTRATION
CHAPTER 8. STATE RETIREMENT SYSTEM BOARD
ARTICLE 5. PURCHASING SERVICE CREDIT

Section

- R2-8-501. Definitions
- R2-8-502. Request to Purchase Service Credit and Notification of Cost
- R2-8-503. Requirements Applicable to All Service Credit Purchases
- R2-8-507. Required Documentation and Calculations for Forfeited Service Credit
- R2-8-508. Required Documentation and Calculations for Leave of Absence Service Credit
- R2-8-509. Required Documentation and Calculations for Military Service Credit
- R2-8-510. Required Documentation and Calculations for Presidential Call-up Service Credit
- R2-8-511. Required Documentation and Calculations for Other Public Service Credit
- R2-8-512. Purchasing Service Credit by Check, Cashier's Check, or Money Order
- R2-8-513. Purchasing Service Credit by Irrevocable Payroll Deduction Authorization
- R2-8-513.01 Irrevocable Payroll Deduction Authorization and Transfer of Employment to a Different ASRS Employer
- R2-8-513.02 Termination Date
- R2-8-514. Purchasing Service Credit by Direct Rollover
- R2-8-515. Purchasing Service Credit by Trustee-to-Trustee Transfer
- R2-8-516. Purchasing Service Credit by Indirect IRA Rollover
- R2-8-517. Purchasing Service Credit by Distributed Rollover Contribution
- R2-8-518. Purchasing Service Credit by Partial Lump Sum Retirement Distribution
- R2-8-519. Purchasing Service Credit by Termination Pay Distribution
- R2-8-520. Separation from Employment and Request to Return Retirement Contributions or Death of Member While Purchasing Service Credit by an Irrevocable Payroll Deduction Authorization

ARTICLE 5. PURCHASING SERVICE CREDIT

R2-8-501. Definitions

The following definitions apply to this Article unless otherwise specified:

1. “Active duty” has the same meaning as in 32 USC 101.
2. “Active duty termination date” means the day a member:
 - a. Separates from active military duty;
 - b. Is released from active duty-related hospitalization or one year after initiation of active duty-related hospitalization, whichever date is earlier; or
 - c. Dies as a result of active military duty.
- ~~2~~ 3. “Active member” means the same as in A.R.S. § 38-711.
- ~~3~~ 4. “Active reserve duty” means participating in required meetings and annual training in a Reserve or National Guard branch of the United States uniformed service, ~~for which the member receives pay.~~
- ~~4~~ 5. “Actuarial present value” means an amount in today’s dollars of a member’s future retirement benefit calculated using the actuarial assumptions in R2-8-123 and the:
 - a. Member’s current years of credited service to the nearest month;
 - b. Member’s age to the nearest day;
 - c. Amount of service credit the member wishes to purchase to the nearest month, except for the calculation in R2-8-506(A)(2); and
 - d. Member’s current annual compensation.
- ~~5~~ 6. “ASRS” means the same as in A.R.S. § 38-711.
- ~~6~~ 7. “ASRS employer” means the same as “employer” in A.R.S. § 38-711.
8. “Authorized employer representative” means an individual who has been delegated the authority to act on behalf of an ASRS employer to provide the ASRS with information.
- ~~7~~ 9. “Authorized representative” means an individual who has been delegated the authority to act on behalf of a custodian, trustee, plan administrator, or, if applicable, a member.
- ~~8~~ 10. “Compensation” means the same as in A.R.S. § 38-769.
- ~~9~~ 11. “Credited service” means the same as in A.R.S. § 38-711.
- ~~10~~ 12. *“Current annual compensation” means the greater of:*
 - a. *Annualized compensation of the full pay period immediately before the date of a request to ASRS to purchase credited service pursuant to section 38-743 or 38-745.*

- b. *Annualized compensation of the partial year if a member has less than twelve months total credited service on the date of a request to purchase credited service pursuant to section 38-743 or 38-745.*
 - c. *The sum of the twelve months of compensation immediately before the date of a request to ASRS to purchase credited service pursuant to section 38-743 or 38-745.*
 - d. *The sum of the thirty-six months of compensation immediately before the date of a request to ASRS to purchase credited service pursuant to section 38-743 or 38-745 divided by three.*
 - e. *If the member has retired one or more times from ASRS, the average monthly compensation that was used for calculating the member's last pension benefit times twelve. A.R.S. § 38-711(10)*
- 11 13. "Current years of credited service" means the amount of credited service a member has earned or purchased, and the amount of service credit for which an ~~irrevocable payroll deduction authorization~~ Irrevocable Payroll Deduction Authorization is in effect for which the member has not yet completed payment, but does not include any current requests to purchase service credit for which the member has not yet paid.
- 12 14. "Custodian" means a financial institution that holds financial assets for guaranteed safekeeping.
- 13 15. "Day" means a calendar day, and excludes the:
- a. Day of the act or event from which a designated period of time begins to run; and
 - b. Last day of the period if a Saturday, Sunday, or official state holiday.
- 14 16. "Direct rollover" means distribution of eligible funds made payable to the ASRS as a contribution for the benefit of an eligible member from a retirement plan listed in A.R.S. § 38-747 (H)(2) or (H)(3).
- 15 17. "Eligible funds" means payments listed in A.R.S. § 38-747(H)(2) and (3).
- 16 18. "Eligible member" means an active member of the Plan or a Plan member who is receiving benefits under the Long Term Disability Program established by A.R.S. Title 38, Chapter 5, Article 2.1.
- 17 19. "Error" means a typographical mistake, incorrect information, or other inaccuracy, whether intentional or unintentional.
- 18 20. "Forms of payment" means check, cashier's check, money order, ~~irrevocable payroll deduction authorization~~ Irrevocable Payroll Deduction Authorization, direct rollover,

trustee-to-trustee transfer, IRA rollover, partial lump sum distribution, and termination pay distribution.

- ~~19~~ 21. “Forfeited service” means credited service for which the ASRS has returned retirement contributions to the member under A.R.S. § 38-740.
- ~~20~~ 22. “Immediate family member” means:
- a. A member’s spouse or life partner;
 - b. A member’s natural, step, or adopted sibling;
 - c. A member’s natural, step, or adopted child;
 - d. A member’s natural, step, or adoptive parent; or
 - e. An individual for whom the member has legal guardianship.
- ~~24~~ 23. “Indirect IRA rollover” means funds already distributed to the eligible member from a retirement plan listed in A.R.S. § 38-747(H)(3) that are then paid by the eligible member to the ASRS as a contribution for the benefit of the eligible member.
- ~~22~~ 24. “IRA” means an Individual Retirement Account or Annuity under IRC § 408.
- ~~23~~ 25. “IRC” means the Internal Revenue Code.
- ~~24~~ 26. “Irrevocable payroll deduction authorization” means ~~a~~ an irrevocable contract between an eligible member, an ASRS employer and the ASRS, that requires the ASRS employer to withhold payments from a member’s pay for a specified amount and for a specified number of payments, as provided in A.R.S. § 38-747, ~~and that is irrevocable~~.
- ~~25~~ 27. “Leave of absence” means the same as in A.R.S. § 38-711.
- ~~26~~ 28. “Life partner” means an individual who lives with a member as a spouse, but without being legally married.
- ~~27~~ 29. “Member” means the same as in A.R.S. § 38-711.
- ~~28~~ 30. “Military service” means active duty or active reserve duty with any branch of the United States uniformed services.
- ~~29~~. ~~“Military call-up” means a directive from the President of the United States initiating active duty for personnel of active or inactive National Guard and Reserve branches of the United States uniformed services.~~
- ~~30~~ 31. “Military service record” means a United States uniformed services document that provides proof of active duty or active reserve duty time, including the ~~a~~ military form DD-214 or other military form that provides the following information:
- a. The member’s full name;
 - b. The member’s Social Security number;
 - c. ~~The member’s date of birth;~~

- d c. Type of discharge the member received;
 - e d. Active duty dates, if applicable; and
 - f e. Active reserve duty dates, if applicable; ~~and~~.
 - g. ~~Points received for active duty or active reserve duty.~~
- 34 32. "Other public service" means previous employment listed in A.R.S. § 38-743 (A).
- 32 33. "PDA pay-off letter" means written correspondence from the ASRS to a member that specifies the amount necessary to be paid by the member to complete an ~~irrevocable payroll deduction authorization~~ Irrevocable Payroll Deduction Authorization and receive the credited service specified in the ~~irrevocable payroll deduction authorization~~ Irrevocable Payroll Deduction Authorization.
- 33 34. "Person" means the same as in A.R.S. § 1-215.
- 34 35. "Plan" means the same as "defined benefit plan" in A.R.S. § 38-769, and administered by the ASRS.
- 35 36. "Plan Administrator" means the person authorized to represent a specific eligible plan as addressed in IRC § 414 (g).
- 36 37. "Political subdivision" means the same as in A.R.S. § 38-711.
- 37 38. "Political subdivision entity" means the same as in A.R.S. § 38-711.
39. "Presidential Call-up" means a directive from the President of the United States, Cabinet Secretary, or Secretary of any United States uniformed service, initiating active duty for personnel of active military, or active or inactive National Guard and Reserve branches of the United States uniformed services.
- 38 40. "Public employer" means the United States government, a state of the United States, a political subdivision of a state of the United States, or a political subdivision entity.
- 39 41. "Rollover" means a contribution to the ASRS by an eligible member of an eligible rollover distribution from one or more of the retirement plans listed in A.R.S. § 38-747 (H)(2) and (3).
- 40 42. "Service credit" means forfeited service under A.R.S. § 38-742, leave of absence under A.R.S. § 38-744, military service and Presidential ~~call-up~~ Call-up service under A.R.S. § 38-745, and other public service under A.R.S. § 38-743 that an eligible member may purchase.
- 44 43. "SP invoice" means a written correspondence from the ASRS informing an eligible member of the amount of money required to purchase a specified amount of service credit.

- ~~44.~~ “Terminate employment” means to end the employment relationship between a member and an ASRS employer with the intent that the member not return to employment with that ASRS employer.
- ~~42~~ 45. “Termination pay distribution” means an ASRS employer’s payment to the ASRS of an eligible member’s termination pay to purchase service credit as specified in §38-747(B)(2).
- ~~43~~ 46. “Three full calendar months” means the first day of the first full month through the last day of the third full month.
47. “Transfer employment” means to terminate employment with one ASRS employer with which a member has an Irrevocable Payroll Deduction Authorization:
- a. After accepting an offer to work for a new ASRS employer, or
- b. While working as an active member for a different ASRS employer.
- ~~44~~ 48. “Trustee-to-trustee transfer” means a transfer of assets to the ASRS as authorized in A.R.S. § 38-747(I), from a retirement program listed in R2-8-515(A) from which, at the time of the transfer, a member is not eligible to receive a distribution.
- ~~45~~ 49. “Uniformed services” means the United States Army, Army Reserve, Army National Guard, Navy, Navy Reserve, Air Force, Air Force Reserve, Air Force National Guard, Marine Corps, Marine Corps Reserve, Coast Guard, Coast Guard Reserves, the National Oceanic and Atmospheric Administration, and the Public Health Service.
- ~~46~~ 50. “United States” means the same as in A.R.S. § 1-215.
- ~~47~~ 51. “Window credit” means overpayments made on previously purchased service credit by eligible members of the ASRS as provided by Laws 1997, Chapter 280, Section 21, and Laws 2003, Chapter 164, Section 3.

R2-8-502. Request to Purchase Service Credit and Notification of Cost

- A. An eligible member may request to purchase service credit verbally, in writing, or electronically. The eligible member shall provide the eligible member’s mailing address and designate which category of service credit the eligible member is requesting to purchase.
- B. The ASRS shall send a letter acknowledging the request to purchase service credit to the mailing address provided by the eligible member. The ASRS shall provide, with the acknowledgment letter, any form specified in this Article that corresponds to the category of service credit the eligible member requests to purchase and indicate in the

acknowledgment letter the deadline for providing supporting documentation of service credit to the ASRS.

- C. Except as provided in R2-8-519(A), the eligible member shall provide documentation of service credit as required by this Article within 90 days of the eligible member's request to purchase service credit. If the ASRS has not received complete and correct documents within 90 days of the request to purchase service credit, the ASRS shall cancel the eligible member's request to purchase service credit. The eligible member may make a new request to purchase service credit.
- D. Upon receipt of the documentation required by this Article from the eligible member and if the eligible member's request to purchase service credit meets the requirements of this Article, the ASRS shall provide the following to the eligible member:
1. A SP invoice stating the cost to purchase the amount of service credit the member is eligible to purchase and the date payment is due; ~~and~~
 2. A Service Purchase Payment Request form requesting the following information:
 - a. The member's name;
 - b. The member's Social Security number;
 - c. The member's mailing address;
 - d. The member's daytime telephone number;
 - e. ID number listed on the SP invoice;
 - f. Either the The number of years or partial years of service credit the member wishes to purchase or the cost for the number of years or partial years of service the member wishes to purchase, not exceeding the years or partial years and cost specified on the SP Invoice;
 - g. If the member elects to pay for the service credit by trustee-to-trustee transfer, IRA rollover, distributed rollover contribution, or direct rollover, the anticipated number of rollovers or transfers;
 - h. If the member elects to pay by ~~irrevocable payroll deduction authorization~~ Irrevocable Payroll Deduction Authorization, the amount of money the member wishes to pay per pay period;
 - i. If the member elects to pay for the service credit by check, the check number and amount of the check;
 - j. If the member elects to pay any cost remaining at retirement or termination of employment with a termination pay distribution, the retirement date or last date of work;

- k. If the member is retiring and wishes to pay by a partial lump sum retirement distribution ~~or termination pay distribution~~, the member's requested retirement date; and
- l. The member's signature and date of the signature; and
3. Other forms the member may need to complete the request for service credit purchase.

R2-8-503. Requirements Applicable to All Service Credit Purchases

- A. To purchase service credit at the amount provided in an SP invoice, an eligible member shall purchase the service credit by check or money order, or request an ~~irrevocable payroll deduction authorization~~ Irrevocable Payroll Deduction Authorization, rollover, transfer, termination pay distribution, or partial lump sum retirement distribution as specified in this Article, ~~within 30 days after the date on the SP invoice~~ by the due date specified on the SP invoice.
- B. An eligible member may purchase all of the service credit or a portion of the service credit. If the eligible member wishes to purchase only a portion of the service credit, the eligible member shall specify, on the Service Purchase Payment Request form identified in R2-8-502(D)(2): make a new request for purchase and ASRS shall recalculate the cost. ~~A new request to purchase a portion of the service credit initially requested automatically terminates the initial request.~~
 1. The dollar amount the eligible member wishes to purchase, up to the amount specified on the SP invoice, or
 2. The number of years or partial years the eligible member wishes to purchase, not exceeding the years or partial years specified on the SP invoice.
- C. If the eligible member elects to purchase only a portion of the service credit, the cost and amount of service credit the eligible member identifies on the Service Purchase Payment Request form is only an estimate and may be more or less than the actual cost or amount of service credit purchased by the eligible member.
- D. The eligible member shall not request to purchase additional service credit based on the SP invoice until the member has completed the purchase of the previously requested portion of service credit or cancel the request as specified in subsection (F).
- E. ASRS shall not consider more than one active request at a time from a member to purchase service credit in a single category. The categories are:
 1. Leave of absence,
 2. Military service,

3. Presidential ~~call-up~~ Call-up service,
 4. Forfeited service, and
 5. Other public service.
- ~~D~~ E. An eligible member may cancel an active request to purchase a specific category of service credit verbally or in writing, and submit a new request in the same category of service credit for a different amount of service credit.
- ~~E~~ G. If an eligible member is entitled to a window credit, the eligible member may apply the window credit to purchase service credit. To apply a window credit to a purchase of service credit, the eligible member shall make a request to the ASRS in writing ~~within 30 days after the date~~ by the due date specified on the SP invoice and include the following information:
1. The amount the member wants to apply,
 2. The member's signature, and
 3. The date of the member's signature.
- ~~F~~ H. The amount of service credit an eligible member may purchase and the benefits an eligible member may receive are subject to the limitations prescribed in A.R.S. § 38-747(E).
- ~~G~~ I. On or before the due date specified on the SP Invoice, ASRS shall extend the time for an eligible member to respond to an SP invoice as follows:
1. If the member notifies the ASRS of an ASRS error ~~within 30 days after the date on the SP invoice~~, the time is extended 30 days after the date the ASRS sends notification to the eligible member that the ASRS has corrected the error;
 2. If an ASRS internal ~~legal~~ review is made of the member's service credit purchase request, the time is extended 30 days after the date ASRS sends notification to the member that the review is completed;
 3. If the member appeals an issue regarding the SP invoice under Article 4 of this Chapter, the time is extended 30 days after the date ASRS sends notification to the member that a decision on the appeal has been made; or
 4. If an unforeseeable event occurs that is outside of the member's control, such as an incapacitating illness of the member or death of an immediate family member, and the member notifies the ASRS of the event, the ASRS shall extend the time by up to six months, after a review of the unforeseeable event to determine the length of the extension.

R2-8-507. Required Documentation and Calculations for Forfeited Service Credit

- A. An eligible member who requests to purchase service credit for forfeited service under A.R.S. § 38-742 shall provide to the ASRS:
1. The eligible member's:
 - a. Full name and, if applicable, ~~nicknames or~~ other names used while working for an ASRS employer for which the eligible member is requesting to purchase service credit;
 - b. Mailing address;
 - c. Telephone number, if applicable;
 - d. Social Security number;
 2. The name of each ASRS employer, if known, for which the eligible member is requesting to purchase service credit for forfeited service;
 3. The year the eligible member began working for each ASRS employer and the year the eligible member left each employment, if known; and
 4. The year the eligible member believes the ASRS returned retirement contributions to the member.
- B. The amount the eligible member shall pay to purchase service credit for previously forfeited service is the amount of retirement contributions that the ASRS returned to the eligible member, plus interest on that amount from the date ~~of~~ on the return of retirement contributions check to the date of redeposit at the interest rate determined by the Board as specified in A.R.S. § 38-742.

R2-8-508. Required Documentation and Calculations for Leave of Absence Service Credit

- A. An eligible member may request to purchase service credit for an approved leave of absence from an ASRS employer under A.R.S. § 38-744. To request to purchase service credit for an approved leave of absence the eligible member shall provide to the ASRS:
1. ~~The items listed in R2-8-507(A)(1);~~ An Approved Leave of Absence form that includes:
 - a. The following information completed by the eligible member:
 - i. The eligible member's full name and, if applicable, other names used while working for the ASRS employer;
 - ii. The eligible member's Social Security number;
 - iii. The eligible member's mailing address;
 - iv. The eligible member's daytime telephone number;

- v. A statement that the eligible member understands that up to one year of leave of absence service credit may be purchased for each approved leave of absence, if the eligible member returns to work for the employer that approved the leave of absence unless employment could not be resumed because of disability or nonavailability of a position;
- vi. A statement that the eligible member understands that the ASRS uses the actuarial present value calculation method to determine the cost of the service purchase request;
- vii. A statement that the eligible member authorizes the ASRS employer to provide any necessary personal information to ASRS in order to process this request; and
- viii. The member's dated signature; and
- b. The following information completed by the ASRS employer;
 - i. The beginning date and ending date of the approved leave of absence;
 - ii. The date the eligible member returned to work or a statement of why employment was not resumed;
 - iii. Name of the employer;
 - iv. The authorized employer representative's name;
 - v. The authorized employer representative's telephone number and, if applicable, fax number; and
 - vi. The authorized employer representative's dated signature verifying that the approved leave of absence benefited or was in the best interest of the employer; and
- ~~2. The name of the ASRS employer;~~
- ~~3. A written statement from the ASRS employer specifying the beginning and ending dates of the leave of absence and the eligible member's salary on the day before the leave of absence; and~~
- ~~4 2. A copy of the guidelines referenced in A.R.S. § 38-744, if applicable.~~
- B. The amount the member shall pay to purchase service credit for leave of absence is determined as provided in R2-8-506.

R2-8-509. Required Documentation and Calculations for Military Service Credit

- A. An eligible member may request to purchase military service credit under A.R.S. § 38-745(A) and (B). To request to purchase military service credit, the eligible member shall provide to the ASRS:
1. The items listed in R2-8-507(A)(1),~~and~~;
 2. A copy of the eligible member's military service record;~~;~~ and
 3. A completed, signed, dated, and notarized Affidavit of Military Service form that contains:
 - a. The member's full name;
 - b. The member's social Security number;
 - c. The branch of the uniformed services the member was in;
 - d. Whether the member was active duty or active reserve duty;
 - e. The years and months by fiscal year that the member was in active duty or active reserve duty for which the member wishes to purchase service credit;
 - f. Acknowledgement that the member has attached:
 - i. Proof of honorable discharge for each type of military service listed on the form; and
 - ii. The member's military service record that supports all of the service listed on the affidavit;
 - g. The following statements of understanding initialed by the member:
 - i. I understand that any person who knowingly makes any false statement or who falsifies or permits to be falsified any record of the retirement plan with an intent to defraud the plan is guilty of a class 6 felony per Arizona Revised Statutes Section 38-793.
 - ii. I understand this transaction is subject to audit and if any errors or misrepresentations are discovered as a result of this audit, my total credited service with the ASRS will be adjusted as necessary and if I am retired, my retirement benefit will also be adjusted;
 - iii. I understand that the service listed on this affidavit does not include time that I either volunteered or was ordered into active duty military service as part of a Presidential Call-up. This service is purchased under Presidential Call-up and requires a Presidential Call-up form to be completed by your employer; and

iv. I understand that any time I have listed on this affidavit for Reserve or National Guard time reflects the months that I attended at least one drill or assembly for each month listed.

- B. The amount the eligible member pays to purchase military service credit is determined as provided in R2-8-506.
- C. ASRS determines the amount of service credit an eligible member receives for active duty and active reserve duty time by the ~~points the eligible member received from the military while on active reserve duty. Unless the eligible member produces documentation that shows otherwise, four points equals one weekend of active reserve duty~~ time listed on the Affidavit of Military Service form, if the service listed is supported by the information contained in the member's military service record.

R2-8-510. Required Documentation and Calculations for Presidential Call-up Service Credit

- A. An eligible member or the eligible member's beneficiary ~~may request to purchase who meets the requirements under A.R.S. § 38-745(C) shall receive up to 60 months of Presidential call-up~~ Call-up service under A.R.S. § 38-745(C) through (I). To request In order to determine the amount of contributions the ASRS employer owes to purchase service credit for Presidential call-up Call-up service, the eligible member's ASRS employer shall provide to the ASRS:

- ~~1. The items listed in R2-8-507(A)(1);~~
- ~~2. A~~ a copy of the eligible member's military service record; and
- ~~3. A~~ a completed Presidential Call-up form that includes the following:
 - a. ~~1. The salary received by the eligible member on the day before the eligible member's active military service pursuant to the Presidential call-up~~ The member's full name;
 - ~~2. The member's Social Security number;~~
 - ~~3. The start date of Presidential Call-up Service;~~
 - ~~4. The end date of Presidential Call-up Service;~~
 - ~~5. Whether the member received paid leave while on Presidential Call-up;~~
 - ~~6. The date the member returned to work for the ASRS employer;~~
 - ~~7. The salary for each fiscal year while the member is on Presidential Call-up, including any salary increases the eligible member would have received had the member not left employment due to Presidential Call-up, if applicable;~~
 - ~~8. The ASRS employer's name and address;~~

9. The name of a contact individual for the ASRS employer, and that individual's business and fax telephone numbers;
 10. The contact individual's signature and date of signature;
 11. If applicable, the earlier of:
 - a. The date that the member was released from the hospital for injuries sustained as a result of participating in a Presidential Call-up; or
 - b. The date that the member was hospitalized for one year for injuries sustained as a result of participating in a Presidential Call-up;
 - ~~b. Statement that the eligible member returned to employment within 90 days after the active duty termination date, if applicable; and~~
 - e 12. Member's A copy of the member's death certificate, if applicable.
- B. An ASRS employer shall make the request to purchase service credit for Presidential Call-up service within 30 days after the member's active duty termination date.
- ~~B C.~~ The ASRS calculates the amount the ASRS employer pays to purchase Presidential call-up Call-up service by multiplying the eligible member's salary at the time active duty commences, by the contribution rate in effect for the period of active duty, and by the years or partial years of service elapsing from the active duty commencement date through the active duty termination date. The active duty termination date is:
- ~~1. The date the eligible member separates from active military duty;~~
 - ~~2. The date the eligible member is released from active duty related hospitalization or one year after initiation of active duty related hospitalization, whichever date is earlier; or~~
 - ~~3. The date the eligible member dies as a result of active military duty.~~
- Included in the calculation are any salary increases the member would have received if the member had not left work to participate in a Presidential Call-up.
- D. The ASRS shall send the ASRS employer a statement of cost for purchase of the Presidential Call-up service credit, based on the calculation in subsection (B). Within 90 days from the date on the ASRS statement of cost, the ASRS employer shall pay to the ASRS the amount on the statement. If the ASRS employer fails to make full payment within the 90 days, interest shall accrue on the unpaid balance at the assumed actuarial investment earnings rate approved by the Board in effect on the date of the statement of cost.
- ~~€ E.~~ If an ASRS employer deducts retirement and long-term disability contributions from an eligible member's pay while the eligible member is on Presidential call-up Call-up

service, the ASRS shall return the contributions to the ASRS employer after the ASRS receives the information in subsection (A).

- Ø F. If an ASRS employer deducts retirement contributions from an eligible member's pay while the eligible member is on Presidential ~~call-up~~ Call-up service, and the eligible member does not return to the ASRS employer after separation from active military service, the ASRS shall apply the retirement contributions to the member's credited service.

R2-8-511. Required Documentation and Calculations for Other Public Service Credit

- A. An eligible member who requests to purchase other public service credit under A.R.S. § 38-743 shall provide to the ASRS a completed Affidavit of Other Public Service form, signed and dated by the member, and notarized, that includes the following:
1. The member's full name;
 2. The member's Social Security number;
 3. ~~The member's mailing address~~ Other names used by the member during employment with the other public service employer, if applicable;
 4. ~~The member's home telephone number, if applicable;~~
 5. ~~The member's daytime telephone number;~~
 - 6 4. The name, and mailing address, ~~and business telephone number~~ of the other public service ~~employer's retirement system~~ employer;
 - 7 5. The position the member held while working for the other public service employer;
 6. A contact name and telephone number of an individual in the other public service employer's human resources department who can verify employment, if known;
 - 8 7. ~~The amount of service to be purchased~~ years and months by fiscal year of other public service the member worked and wishes to purchase;
 - 9 8. If the other public service employer was a non-ASRS employer, a statement of whether the member participated in the non-ASRS employer's retirement plan;
 - 10 9. If the member participated in a non-ASRS public service employer's retirement plan, the name of the retirement plan, identifying whichever one of the following applies:
 - a. The approximate date the member took a return of retirement contributions;

- b. ~~That~~ The plan is non-contributory and the member was not vested and is not eligible for benefits and has waived all rights to any future benefits from the plan; or
- c. That, if not using all of the retirement contributions as a pre-tax rollover, the member will request a return of retirement contributions and forfeit all rights to any benefits from the plan; and provide the ASRS with documentation that the member has forfeited all rights to benefits from the plan no later than the due date specified on the SP invoice; and

~~11~~ 10. Acknowledgement that:

- a. Knowingly making a false statement or falsifying or permitting falsification of any record of the ASRS with an intent to defraud ASRS is a Class 6 felony, pursuant to A.R.S. § 38-793;
- b. The service purchase transaction is subject to audit and if any errors are discovered the ASRS shall adjust a member's total credited service with the ASRS if any errors are discovered;
- e. ~~Any overpayment is refunded at retirement,~~ or if the member is already retired, adjustments to the member's credited service will affect the member's retirement benefit; and
- d. ~~Any overpayment in pre-tax dollars that is refunded will have tax consequences;~~
- e c. If an audit determines that the member is eligible for a benefit from the other public service employer's retirement plan, the member is required to take necessary steps to forfeit the benefit, and if the forfeiture is not completed within 90 days of being notified of the audit results, the service credit purchase listed on this application will be revoked and any funds paid to purchase the service credit will be refunded to the member; and
- f. ~~If the member cannot provide documentation that the member is no longer eligible for a benefit from the other public service employer's retirement plan, any ASRS service that the member has purchased based on employment with the other public service employer listed on the Affidavit of Other Public Service will be revoked and the money will be refunded to the member.~~

- B. The amount the member shall pay to purchase other public service credit is determined as provided in R2-8-506.

R2-8-512. Purchasing Service Credit by Check, Cashier's Check, or Money Order

- A. An eligible member may purchase service credit by check, cashier's check, or money order.
- B. Within 30 days of the issue date on the SP invoice or PDA payoff letter, the member shall ensure that the ASRS receives ~~member shall return to the ASRS~~ the completed Service Purchase Payment Request form with the information specified in R2-8-502(D)(2), and a check, cashier's check, or money order made to the order of the Arizona State Retirement System in the amount to purchase the requested service credit.
- C. If an eligible member purchases service credit by check, cashier's check, or money order in conjunction with one or more rollovers, trustee-to-trustee transfers, or termination pay, the member shall make payment within 30 days after the date the ASRS sends written confirmation that the ASRS received the final rollover, trustee-to-trustee transfer, or termination pay payment.

R2-8-513. Purchasing Service Credit by Irrevocable Payroll Deduction Authorization

- A. An eligible member may purchase service credit by ~~irrevocable payroll deduction authorization~~ Irrevocable Payroll Deduction Authorization.
- B. ~~Within 30 days of the date~~ By the due date specified on the SP invoice, the member shall ensure that the ASRS receives ~~member shall return to the ASRS~~ the completed Service Purchase Payment Request form with the information specified in R2-8-502 (D)(2).
- C. If the eligible member elects to pay for service credit by ~~irrevocable payroll deduction authorization~~ Irrevocable Payroll Deduction Authorization, ASRS shall prepare an Irrevocable Payroll Deduction Authorization and send it to the eligible member for signature. The member shall ensure that the ASRS receives ~~eligible member shall~~ the signed Irrevocable Payroll Deduction Authorization ~~to the ASRS~~ within ~~44~~ 30 days after the date on the Irrevocable Payroll Deduction Authorization. The signed Irrevocable Payroll Deduction Authorization becomes irrevocable upon receipt by the ASRS.
- D. At the time the eligible member signs the Irrevocable Payroll Deduction Authorization the eligible member may elect to use termination pay towards the balance of the ~~irrevocable payroll deduction authorization~~ Irrevocable Payroll Deduction Authorization if the eligible member terminates employment. If the eligible member chooses this option, the eligible member shall ~~complete a Termination Pay Addendum to the~~

~~Irrevocable Payroll Deduction Authorization, attach it to the signed Irrevocable Payroll Deduction Authorization, and return it to the ASRS within 30 days after the date on the Irrevocable Payroll Deduction Authorization~~ complete the Termination Pay Addendum to the Irrevocable Payroll Deduction Authorization and return it to the ASRS along with the remainder of the Irrevocable Payroll Deduction Authorization that ~~The Termination Pay Addendum to the Irrevocable Payroll Deduction Authorization~~ includes the following:

- ~~1. The member's Social Security number;~~
- ~~2. The agreement number;~~
- ~~3~~ 1. A statement that the member:
 - a. Understands and agrees that the member must continue working at least three full calendar months after the date of submission of the form before termination pay may be used on a pre-tax basis,
 - b. Understands that if the termination payment exceeds the balance owed on the Irrevocable Payroll Deduction Authorization, the overage will be returned to the ASRS employer to be distributed to the member; and
 - c. Elects to irrevocably agree to have termination pay that may be payable to the member upon termination of employment sent to the ASRS on a pre-tax basis and used toward any remaining balance of the ~~irrevocable payroll deduction authorization~~ Irrevocable Payroll Deduction Authorization if all scheduled payroll deductions have not been completed upon termination of service; and
- ~~4~~ 2. A statement that either all termination pay or a specified amount of termination pay is to be applied to the balance of the Irrevocable Payroll Deduction Authorization.

E. The ASRS shall:

1. Charge interest on the unpaid balance at the assumed actuarial investment earnings rate approved by the Board in effect at the time the authorization was entered into;
2. Limit the payroll deduction time period to a maximum of 20 years; and
3. Require a minimum payment of \$10.00 per payroll period, or payment in an amount to purchase at least .001 year of service credit per payroll period, whichever is greater.

F. ~~The ASRS employer shall begin payroll deductions no later than six months from the date on the signed Irrevocable Payroll Deduction Authorization.~~ The ASRS shall transmit

the Irrevocable Payroll Deduction Authorization to the active member's ASRS employer, and the ASRS employer shall implement the deduction on the first pay period after receiving the Irrevocable Payroll Deduction Authorization.

G. If a deduction is not made under an Irrevocable Payroll Deduction Authorization within six months after the member signs the authorization, the authorization lapses and the member may make another request, which is recalculated based on the new request date unless the failure to begin deductions is due to an ASRS error.

~~G H.~~ A member with an irrevocable payroll deduction authorization who takes a period of leave of absence, long-term disability, or Presidential Call-up shall not cancel the irrevocable payroll deduction authorization Irrevocable Payroll Deduction Authorization. The ASRS employer shall resume deductions immediately upon the member's return to that employment with the ASRS employer that granted the leave. The period during which the member is on leave of absence, on long-term disability, or leaves work because of a Presidential Call-up is not included in the 20-year payment time limitation under subsection (E)(2). If the member does not return to active working status, whether due to termination of employment or retirement, the member may elect to purchase the balance of unpaid service under the Irrevocable Payroll Deduction Authorization at the time of termination or retirement as specified in this Section.

~~H I.~~ Deductions made pursuant to an irrevocable payroll deduction authorization Irrevocable Payroll Deduction Authorization continue until the:

1. Irrevocable payroll deduction authorization Payroll Deduction Authorization is completed;
2. Member retires, whether or not the member continues employment as allowed in A.R.S. §§ 38-766.01 and 38-764(J); or
3. Member separates from the member's terminates all ASRS employer employment without transferring employment as specified in A.R.S. § 38-747 (B).

~~I J.~~ If a member retires or separates from terminates employment from all ASRS employers without transferring employment as stated in R2-8-513.01 before all deductions are made as authorized by the irrevocable payroll deduction authorization Irrevocable Payroll Deduction Authorization, the member's purchase of service credit is canceled unless the member notifies the ASRS in writing during the period 14 days before to 14 days after retirement or separation termination from all ASRS employment of the intent to purchase the remaining amount due in a lump sum.

- ~~JK.~~ When the member notifies ASRS of retirement or ~~separation~~ termination from all ASRS employment and requests to pay off the Irrevocable Payroll Deduction Authorization, the ASRS shall send the member a PDA pay-off letter to the mailing address given by the member. The ASRS shall calculate the amount owed by the member and reduce the amount owed by any excess interest that the member has paid.
- ~~KL.~~ Within 30 days of the date of the PDA pay-off letter, the member shall ensure that the ASRS receives the completed SP Payment Request form with the information specified in R2-8-502(D)(2). ~~the~~ The member may purchase the remaining service credit by one or more of the following methods:
1. By check, cashier's check, or money order made out to the ASRS under R2-8-512;
 2. By making a request to the ASRS for a rollover or transfer under R2-8-514 and completing the rollover or transfer within 90 days of the date of the PDA pay-off letter;
 3. By requesting a partial lump sum retirement benefit distribution from the ASRS under R2-8-518; or
 4. By termination pay distribution under R2-8-519, if the member authorized this option at the time the member signed the Irrevocable Payroll Deduction Authorization.

R2-8-513.01 Irrevocable Payroll Deduction Authorization and Transfer of Employment to a Different ASRS Employer

- A. An Irrevocable Payroll Deduction Authorization continues if a member transfers employment.
- B. An Irrevocable Payroll Deduction Authorization ends if a member terminates employment without having accepted an offer to work for a new ASRS employer, and the member is not already an active member working for a different ASRS employer. The member shall then pay off the Irrevocable Payroll Deduction Authorization as specified in R2-8-513(J).
- C. If a retirement contribution is due from the new ASRS employer within 120 days from the member's termination date with the previous employer, there is a rebuttable presumption that there is a transfer of employment. If a retirement contribution is not received within 120 days, the Irrevocable Payroll Deduction Authorization terminates.

R2-8-513.02 Termination Date

For the purpose of an Irrevocable Payroll Deduction Authorization, the date a member is considered terminated from an ASRS employer is:

1. For a member terminating employment, the member's last pay period end date with that ASRS employer;
2. For a member on Presidential Call-up who does not return to the same ASRS employer:
 - a. Ninety days from the date of separation from Presidential Call-up service;
 - b. Ninety days from the date released from the hospital, if injured while on Presidential Call-up service.
 - c. The date the member has been hospitalized for one year for injuries sustained as a result of participating in a Presidential Call-up; or
 - d. The date of the member's death as a result of participating in a Presidential Call-up;
3. For a member on leave of absence without pay who does not return to the same ASRS employer, the date the ASRS employer required the member to return to work;
4. For a member who is unable to work because of a disability, the later of:
 - a. The date the member's request for long-term disability benefits are denied;
 - b. The date the member no longer has sick leave and annual leave; or
 - c. For a member on long-term disability who does not return to the same ASRS employer or transfer employment, the date long-term disability benefits are terminated.

R2-8-514. Purchasing Service Credit by Direct Rollover

- A. An eligible member may purchase service credit or pay off an ~~irrevocable payroll deduction authorization~~ Irrevocable Payroll Deduction Authorization by direct rollover at retirement or ~~separation from~~ termination of employment without transferring employment by direct rollover.
- B. ~~Within 30 days of the date~~ By the due date specified on the SP invoice, the member shall ensure that the ASRS receives ~~shall to the ASRS~~ the completed Service Purchase Payment Request form with the information specified in R2-8-502 (D)(2).

- C. Upon receipt of the completed Service Purchase Payment Request form, the ASRS shall provide a Direct Rollover/Transfer Certification to Purchase Service Credit form, if the ASRS has not already provided the member with the form.
- D. The member shall ensure that the ~~member and the plan that is making the distribution~~ complete the Direct Rollover/Transfer Certification to Purchase Service Credit form and return it to the ASRS ASRS receives the Direct Rollover/Transfer Certification to Purchase Service Credit form completed by the member and the plan making the distribution within 90 days after the issue date of the SP Invoice.
- E. The information requested on the Direct Rollover/Transfer Certification to Purchase Service Credit form includes:
1. Member's full name;
 2. Member's Social Security number;
 3. Member's mailing address;
 4. Member's Daytime daytime telephone number;
 - ~~5.~~ 5. ~~Member's date of birth;~~
 - ~~6~~ 5. The amount of each rollover or transfer, if ~~known~~ applicable;
 - ~~7~~ 6. The account number of each plan, if applicable;
 - ~~8~~ 7. The member's signature certifying that the member understands the requirements, limitations, and entitlements for the rollover/transfer that is being used to purchase service credit, and has read and understands the Direct Rollover/Transfer Certification to Purchase Service Credit form and any accompanying instructions and information sheets;
 - ~~9~~ 8. The date the member signs the form;
 - ~~10~~ 9. The authorized representative's name and title;
 - ~~11~~ 10. The authorized representative's address;
 - ~~12~~ 11. The authorized representative's telephone number;
 - ~~13~~ 12. Certification by the authorized representative that:
 - a. The plan is either:
 - i. A qualified pension, profit sharing, or 401(k) plan described in IRC §401(a), or a qualified annuity plan described in IRC § 403(a);
 - ii. A deferred compensation plan described in IRC § 457 (b) maintained by a ~~State~~ state of the United States, a political

subdivision of a ~~State~~ state of the United States, or an agency or instrumentality of a ~~State~~ state of the United States;

iii. An annuity contract described in IRC § 403(b); or

iv. An IRA described in A.R.S. § 38-747(H)(3);

b. That the rollover/transfer specified on the form from which the pre-tax funds are being rolled over or transferred is intended to satisfy the requirements of the applicable section of the Internal Revenue Code;

c. The authorized representative is not aware of any plan provision or any other reason that would cause the plan/IRA not to satisfy the applicable section of the Code; and

d. The funds will be sent to the ASRS as a direct plan rollover, IRA rollover, or a trustee-to-trustee transfer; and

14 13. The date and signature of the authorized representative.

F. The ASRS shall provide the member with written notification regarding the eligibility of the rollover.

G. The member shall contact the plan administrator to have the funds distributed and transferred to the ASRS. Except as provided in subsection (H), unless the ASRS receives a check for the correct amount from the plan within 90 days of the issue date on the SP invoice, the ASRS shall cancel the request to purchase service credit as specified in R2-8-502(C).

H. At the written request of the member, the ~~The~~ ASRS shall provide an extension of 60 days in which the check may be received by the ASRS from the plan at the written request of the member, if:

1. The member has followed the procedure in this Article for requesting to purchase service credit,
2. The member has responded to the ASRS correspondence within the time frame set forth in this Article,
3. The eligible plan has not provided to the ASRS the check to pay for the requested service credit purchase within 90 days of the date of the SP invoice, and
4. The member makes the written request for extension before expiration of the 90 days.

I. The member shall ensure that the ASRS receives a check from the plan, made payable to the ASRS, for an amount that does not exceed the amount specified on the SP Invoice.

- J. If the payment from the eligible plan exceeds the amount specified on the SP Invoice, the ASRS shall return the entire payment to the ~~eligible plan and notify the member that the ASRS has returned the payment.~~

R2-8-515. Purchasing Service Credit by Trustee-to-Trustee Transfer

- A. An eligible member may purchase service credit or pay off an ~~irrevocable payroll deduction authorization~~ Irrevocable Payroll Deduction Authorization at retirement or termination of employment without transferring employment by a trustee-to-trustee transfer if the member participates in:
1. A deferred compensation plan described in IRC § 457 that is maintained by:
 - a. The ~~State~~ state of Arizona;
 - b. A political subdivision, agency, or instrumentality of the ~~State~~ state of Arizona; or
 - c. A political subdivision entity of the ~~State~~ state of Arizona;
 2. An annuity contract described in IRC § 403(b); or
 3. A retirement program qualified under IRC §§ 401(a) or 403(a).
- B. ~~Within 30 days of the date~~ By the due date specified on the SP invoice, the ~~ASRS shall receive from the member~~ shall return to the ASRS the completed Service Purchase Payment Request form described in R2-8-502(D)(2).
- C. Upon receipt of the completed Service Purchase Payment Request form, the ASRS shall provide a Direct Rollover/Transfer Certification to Purchase Service Credit form, if the ASRS has not already provided the member with the form.
- D. The member shall ensure that the member and the plan administrator complete the Direct Rollover/Transfer Certification to Purchase Service Credit form, containing all of the applicable information identified in R2-8-514 (E), and ~~return the form to the ASRS~~ ensure that the ASRS receives the form within 90 days after the issue date on the SP Invoice.
- E. The ASRS shall provide the member with written notification regarding the eligibility of the transfer.
- F. The member shall contact the plan administrator to have the funds transferred to the ASRS. Except as provided in subsection (G), unless the ASRS receives the check for the correct amount from the plan within 90 days of the issue date on the SP invoice, the ASRS shall cancel the request to purchase service credit as specified in R2-8-502(C).

- G. The ASRS shall provide an extension of 60 days in which the check may be received by the ASRS from the plan at the written request of the member, if:
1. The member has followed the procedure under this Article for requesting to purchase service credit,
 2. The member has responded to the ASRS correspondence within the time frame set forth in this Article,
 3. The eligible plan has not provided to the ASRS the check to pay for the requested service credit purchase within 90 days of the date of the SP invoice, and
 4. The member makes the written request for extension before expiration of the 90 days.
- H. The member shall ensure that the ASRS receives a check from the plan, made payable to the ASRS, for an amount that does not exceed the amount specified on the SP Invoice.
- I. If the payment from the eligible plan exceeds the amount specified on the SP Invoice, the ASRS shall return the entire payment to the eligible plan member and notify the member that the payment has been returned of the correct amount due.

R2-8-516. Purchasing Service Credit by Indirect IRA Rollover

- A. An eligible member may purchase service credit, or pay off an ~~irrevocable payroll deduction authorization~~ Irrevocable Payroll Deduction Authorization at retirement or termination of employment without transferring employment, by an indirect IRA rollover if the rollover purchase is completed within 60 days of the date of distribution of funds from the IRA account, as required by IRC § 408(d)(3)(A). The 60-day time limitation is exclusive of any other time limitations prescribed in this Article and the ASRS shall not extend the 60-day period.
- B. ~~Within 30 days of the date~~ By the due date specified on the SP invoice, the member shall ensure that the ASRS receives ~~member shall return to the ASRS~~ the completed Service Purchase Payment Request form described in R2-8-502(D)(2).
- C. Upon the receipt of the completed Service Purchase Payment Request form and upon the member's request, the ASRS shall provide to the member an Indirect IRA Rollover Contribution form. The member shall complete the Indirect IRA Rollover Contribution form and ~~it to the ASRS~~ ensure that the ASRS receives the form within 90 days after the issue date on the SP Invoice, along with:
1. A copy of the distribution statement or check stub identifying it as an IRA distribution, showing the date of distribution and amount distributed; or

2. The distribution check endorsed by the member made payable to the ASRS with documentation that it is an IRA distribution.
- D. The information requested on the Indirect IRA Rollover Contribution form includes:
1. The member's full name,
 2. The member's ~~social security~~ Social Security number,
 3. The member's mailing address,
 4. The member's daytime telephone number,
 - ~~5. The member's date of birth,~~
 - 6 5. The member's signature certifying that the member understands the statements on the form regarding the distribution the member has received from the IRA and the requirements for an IRA rollover to the ASRS and agrees to the statements, and
 - ~~7~~ 6. The date the member signs the form.
- E. The ASRS shall provide the member with written notification regarding the eligibility of the rollover contribution.
- F. After receiving notice from the ASRS that the rollover is an eligible rollover contribution, if the member has not sent payment for the purchase of service credit, the member shall submit payment for the service credit purchase. The member shall make payment by:
1. The distribution check from the IRA made payable to the member and endorsed by the member to make it payable to the ASRS; or
 2. Direct payment by the member by check or money order to the ASRS, after the IRA distribution is deposited to the member's account.
- G. Except as provided in subsection (H), unless the ASRS receives payment from the member within 90 days of the issue date on the SP invoice, the ASRS shall cancel the request to purchase service credit as specified in R2-8-502(C).
- H. The ASRS shall provide an extension of 60 days in which the check may be received by the ASRS under subsection (G) at the written request of the member, if:
1. The member has followed the procedure under this Article for requesting to purchase service credit,
 2. The member has responded to the ASRS correspondence within the time frame set forth in this Article,
 3. The eligible plan has not provided the ~~ASRS~~ member with the check to pay for the requested service credit purchase within 90 days of the date of the SP invoice, and

4. The member makes the written request for extension before expiration of the 90 days.
- I. The member shall ensure that the ASRS receives a check made payable to the ASRS for an amount that does not exceed the amount specified on the SP Invoice.
- J. If the payment exceeds the amount specified on the SP Invoice, the ASRS shall return the entire payment to the member.

R2-8-517. Purchasing Service Credit by Distributed Rollover Contribution

- A. An eligible member may purchase service credit with a distribution from a prior employer's eligible plan that has already been distributed to the member if the rollover purchase is completed within 60 days of the date of distribution to the member, as required by IRC §§ 402(c)(3)(A), 403(b)(8)(B), and 457(e)(16)(B). The 60-day time limitation is exclusive of any other time limitations prescribed in this Article and the ASRS shall not extend the 60 day period. Eligible plans are:
 1. A pension, profit sharing, or other qualified plan described in IRC § 401(a) and (k);
 2. A qualified annuity plan described in IRC § 403(a);
 3. A deferred compensation plan described in IRC § 457 and maintained by a ~~State~~ state of the United States, or a political subdivision, agency, or instrumentality of a ~~State~~ state of the United States; and
 4. A tax deferred annuity described in IRC § 403(b).
- B. ~~Within 30 days of the date~~ By the due date specified on the SP invoice, the member shall ensure that the ASRS receives ~~member shall return to the ASRS~~ the completed Service Purchase Payment Request form described in R2-8-502(D)(2).
- C. When the ASRS receives the completed Service Purchase Payment Request form and upon the member's request, the ASRS shall provide a Certification by Eligible Plan Rollover Contribution form and Rollover Contribution form.
- D. The information requested on the Certification by Eligible Plan Rollover Contribution form includes:
 1. ~~Name of the plan~~ The member's dated signature;
 2. Member's full name;
 3. Member's social security number;
 4. Member's mailing address;

5. Certification by the plan administrator that the plan is one of the plans described in subsection (A);
 6. Certification by the plan administrator that:
 - a. If the plan is described in either IRC §§ 401(a) or 403(a), the plan has received a determination letter from the Internal Revenue Service indicating that the plan is qualified under either IRC §§ 401(a) or 403(a);
 - b. If the plan is described in either IRC §§ 401(a) or 403(a), but has not received a determination letter from the Internal Revenue Service, the plan satisfies the requirements of IRC §§ 401(a) or 403(a) or is intended to satisfy the requirements of IRC §§ 401(a) or 403(a) and the plan administrator is not aware of any plan provision or any other reason that would disqualify the plan; or
 - c. If the plan is a deferred compensation plan described in IRC § 457 or an annuity contract described in IRC § 403(b), the plan or annuity satisfies the applicable requirements of IRC §§ 457 or 403(b) and the plan administrator is not aware of any plan provision or any other reason that would cause the plan or annuity to not satisfy the applicable provisions of IRC §§ 457 or 403(b);
 7. Certification by the plan administrator that the plan permits a direct rollover of an eligible rollover distribution to a defined benefit plan;
 8. The full name, title, and signature of the plan administrator;
 9. The plan administrator's business address and telephone number; and
 10. Date of the signature of the plan administrator.
- E. The information requested on the Rollover Contribution form includes:
1. The member's ~~social security~~ Social Security number;
 2. The member's full name;
 3. The member's mailing address;
 4. The member's daytime telephone number;
 - ~~5. The member's date of birth;~~
 - ~~6~~ 5. The member's signature certifying that:
 - a. The member has read the statements on the Rollover Contribution form regarding requirements for a rollover contribution, understands all the statements, and believes the statements, certifications, and any

documents attached to the form to be true and correct to the best of the member's knowledge and belief; and

- b. The member understands that:
 - i. The ASRS assumes no responsibility for ensuring that the member makes a timely rollover contribution to the ASRS or that the amount rolled over constitutes a valid rollover contribution;
 - ii. The member accepts full responsibility for ensuring that the rollover contribution is an eligible rollover contribution before making the contribution to the ASRS;
 - iii. If the ASRS accepts the rollover contribution and it is later determined that the contribution was an invalid rollover contribution, the ASRS will distribute the invalid contribution, ~~plus any earnings,~~ directly to the member; and
 - iv. Any invalid rollover contributions returned to the member may decrease the member's benefits and the Internal Revenue Service and state taxing authorities may require the member to pay taxes, penalties, and interest on the returned contributions; and

~~7~~ 6. The date the member signed the form.

F. The member shall ensure that the ASRS receives ~~member shall return to the ASRS~~ the Certification by Eligible Plan Rollover Contribution form signed and dated by the plan administrator, the Rollover Contribution form signed and dated by the member, and a copy of the distribution statement showing the:

- 1. Date of the distribution;
- 2. Amount of the distribution; and
- 3. Amount of taxes withheld, if any.

G. The ASRS shall provide the member with written notification regarding the eligibility of the rollover.

H. ~~After receiving notice from the ASRS that the rollover is eligible, the member shall submit payment for the service credit purchase.~~ The member shall make payment by:

- 1. The distribution check from the eligible plan made payable to the member and endorsed by the member to make it payable to the ASRS; or
- 2. Direct payment by the member by check or money order to the ASRS, after the eligible plan distribution is deposited to the member's personal financial account.

- I. Except as provided in subsection (J), unless the ASRS receives the check from the plan within 90 days of the issue date on the SP invoice, the ASRS shall cancel the request to purchase service credit as specified in R2-8-502(C).
- J. At the written request of the member, the ~~The~~ ASRS shall provide an extension of 60 days in which the check may be received by the ASRS from the plan under subsection (I) ~~at the written request of the member~~, if:
 - 1. The member has followed the procedure under this Article for requesting to purchase service credit,
 - 2. The member has responded to the ASRS correspondence within the time frame set forth in this Article,
 - 3. The eligible plan has not provided to the ~~ASRS~~ member with the check to pay for the requested service credit purchase within 90 days of the date of the SP invoice, and
 - 4. The member makes the written request for extension before expiration of the 90 days.
- K. The member shall ensure that the ASRS receives a check, made payable to the ASRS, for an amount that does not exceed the amount specified in the written notification identified in subsection (G).
- L. If the payment from the eligible plan exceeds the amount specified in the written notification identified in subsection (G,) the ASRS shall return the entire payment to the member.

R2-8-518. Purchasing Service Credit by Partial Lump Sum Retirement Distribution

- A. An eligible member who retires may purchase service credit or pay off an ~~irrevocable payroll deduction authorization~~ Irrevocable Payroll Deduction Authorization by partial lump sum retirement distribution. Payment by partial lump sum distribution is applied after all other forms of payment are made.
- B. An eligible member who requests to purchase service at retirement by partial lump sum retirement distribution shall make the request to the ASRS before the eligible member's retirement date, and in no case more than six months before retirement.
- C. Within 30 days of the issue date on the SP invoice or PDA pay-off letter, the member shall ensure that the ASRS receives ~~member shall return to the ASRS~~ the completed Service Purchase Payment Request form described in R2-8-502(D)(2).

- D. The member shall ensure that the Partial Lump Sum Retirement Distribution section of the Application for Retirement Benefit form is completed and ~~returned to~~ received by the ASRS.
- E. For the purpose of purchasing service credit or paying off an ~~irrevocable payroll deduction authorization~~ Irrevocable Payroll Deduction Authorization, the information requested on the ~~Partial Lump Sum Retirement Distribution~~ Application for Retirement Benefit form includes:
1. Member's full name;
 2. Member's ~~social security~~ Social Security number;
 3. Member's daytime telephone number;
 4. Member's date of birth;
 5. The number of partial lump sum months the member elects ~~to purchase~~;
 6. ~~A statement the member initials that indicates that the member has read the Special Tax Notice provided by the ASRS regarding the plan payment;~~
 7. ~~Election of a rollover to purchase the service credit;~~
 - 8 6. Whether the member authorizes the ASRS to increase the number of elected partial lump sum months to an amount necessary to purchase all remaining service, up to a maximum of 36 months;
 - 9 7. Whether the member intends to transfer funds from the member's partial lump sum distribution option to purchase the service credit;
 - 10 8. Whether the member intends to purchase a portion of the member's service credit by rollover from another eligible plan, lump sum, or termination pay;
 - 11 9. Identification number of the Irrevocable Payroll Deduction Authorization, if applicable;
 12. ~~Amount of partial lump sum to be applied to each irrevocable payroll deduction authorization, if applicable;~~
 13. ~~The years of service to be purchased for each irrevocable payroll deduction authorization, if applicable;~~
 14. ~~Request ID number listed on the SP invoice, if applicable;~~
 - 15 10. Amount of partial lump sum to apply to each SP invoice, if applicable;
 - 16 11. Years of service credit to be purchased for each SP invoice, or all service credit; and

- ~~17~~ 12. Acknowledgement that the member knows the member may not choose to rollover to an eligible plan if the member chooses to rollover to purchase ASRS service credit.
- F. The member shall return the completed ~~Partial Lump Sum Retirement Distribution~~ Application for Retirement Benefit form to the ASRS.
- ~~G. The ASRS shall provide the member with written notification regarding the eligibility of the rollover.~~

R2-8-519. Purchasing Service Credit by Termination Pay Distribution

- A. To purchase service credit using termination pay distribution, an eligible member shall, no ~~later~~ more than six months before the date the eligible member plans to retire or ~~separate from service~~ terminate employment, request to purchase service credit as specified in R2-8-502 and specify that the member wants to use termination pay distribution to pay for the service credit. Upon receipt of the acknowledgement letter identified in R2-8-502, the eligible member shall provide documentation for service credit as required by this Article, within 30 days of the eligible member's request to purchase service credit.
- B. Upon receipt of the documentation required by this Article from the eligible member and if the eligible member's request to purchase service credit meets the requirements of this Article, the ASRS shall provide a:
1. SP invoice stating the ~~calculated~~ cost to purchase the requested amount of service credit and the date the payment is due, and
 2. Service Purchase Payment Request form as described in R2-8-502(D)(2), ~~and,~~
 3. ~~Termination Pay Authorization for the Purchase of Service Credit form.~~
- ~~C. The information requested on the Termination Pay Authorization for the Purchase of Service Credit form includes:~~
- ~~1. Member's full name,~~
 - ~~2. Member's Social Security number,~~
 - ~~3. Member's daytime telephone number,~~
 - ~~4. Member's date of birth,~~
 - ~~5. The Request ID number listed on the SP invoice,~~
 - ~~6. Name of ASRS employer,~~
 - ~~7. Whether the member elects to use all termination pay or a specific amount of termination pay to purchase service credit,~~
 - ~~8. Signature of the member, certifying that the member understands that:~~

- a. ~~The member is required to continue working at least three full calendar months after the date the member submits the Termination Pay Authorization for the Purchase of Service Credit form before termination pay may be used on a pre-tax basis;~~
- b. ~~If the member terminates employment more than six months from the date on the SP invoice, the ASRS shall recalculate the cost for purchasing the service credit and the member is obligated to purchase the service credit at the newly calculated rate and at a possible higher cost;~~
- c. ~~The Termination Pay Authorization for the Purchase of Service Credit form is binding and irrevocable;~~
- d. ~~The member's employer is required to make payment directly to the ASRS after mandatory deductions are made, and the member does not have the option of receiving the funds directly from the employer;~~
- e. ~~The ASRS shall apply service credit to the member's account upon the receipt of payments authorized by the member by the Termination Pay Authorization for the Purchase of Service Credit form;~~
- f. ~~If the member elects to purchase with termination pay only a portion of the service credit that the member is entitled to purchase, the member may be eligible to use other forms of payment to purchase additional service credit. However, using other forms of payment to purchase additional service credit does not alter, amend, or revoke the terms of the Termination Pay Authorization for the Purchase of Service Credit form;~~
- g. ~~It is the member's responsibility to ensure that the member's employer properly deducts termination pay, as provided the Termination Pay Authorization for the Purchase of Service Credit form; and~~
- h. ~~The amount of termination pay the member is allowed to apply to purchase service credit is subject to federal laws.~~

- ~~D C.~~ Within 30 days of the date By the due date specified on the SP invoice, the member shall ensure that the ASRS receives ~~member shall return to the ASRS~~ the completed Service Purchase Payment Request form ~~and the completed Termination Pay Authorization for the Purchase of Service Credit form.~~
- D. Upon receipt of the Service Purchase Request form, if the member indicates the member wishes to purchase service credit by termination pay distribution, the ASRS shall send the

member a Termination Pay Authorization for the Purchase of Service Credit form to complete and return within the time limitation specified in subsection (E) that includes:

1. Member's full name,
2. Member's Social Security number,
3. Member's daytime telephone number,
4. The Request ID number listed on the SP invoice,
5. Name of ASRS employer,
6. Whether the member elects to use all termination pay or a specific amount of termination pay to purchase service credit,
7. Signature of the member, certifying that the member understands that:
 - a. The member is required to continue working at least three full calendar months after the date the member submits the Termination Pay Authorization for the Purchase of Service Credit form before termination pay may be used on a pre-tax basis;
 - b. If the member terminates employment more than six months after the date on the SP invoice, the member may purchase the service credit at a newly calculated rate and possibly at a higher cost;
 - c. The Termination Pay Authorization for the Purchase of Service Credit form is binding and irrevocable;
 - d. The member's employer is required to make payment directly to the ASRS after mandatory deductions are made, and the member does not have the option of receiving the funds directly from the employer;
 - e. The ASRS shall apply service credit to the member's account upon the receipt of payments authorized by the member by the Termination Pay Authorization for the Purchase of Service Credit form;
 - f. If the member elects to purchase with termination pay only a portion of the service credit that the member is entitled to purchase, the member may be eligible to use other forms of payment to purchase additional service credit. However, using other forms of payment to purchase additional service credit does not alter, amend, or revoke the terms of the Termination Pay Authorization for the Purchase of Service Credit form;
 - g. It is the member's responsibility to ensure that the member's employer properly deducts termination pay, as provided the Termination Pay Authorization for the Purchase of Service Credit form; and

- h. The amount of termination pay the member is allowed to apply to purchase service credit is subject to federal laws.
- E. In addition to the other time limitations in this Section, to apply termination pay to a service purchase the eligible member shall complete, and sign the Termination Pay Authorization for the Purchase of Service Credit form, and the member shall ensure that the ASRS receives the Termination Pay Authorization for the Purchase of Service Credit form at least three full calendar months before the member retires or ~~separates from service~~ terminates employment.
- F. The ASRS shall not apply a termination pay distribution to a service credit purchase covered by an ~~irrevocable payroll deduction authorization~~ Irrevocable Payroll Deduction Authorization in effect at the time of termination unless the eligible member signed a Termination Pay Addendum to the Irrevocable Payroll Deduction Authorization specified in R2-8-513(D) at the time the member signed the Irrevocable Payroll Deduction Authorization.
- G. If a member elects to use all of the member's available termination pay to purchase service credit, ASRS shall not apply any other form of payment to the service credit purchase until the ASRS receives the termination pay.

R2-8-520. ~~Separation from~~ Termination of Employment and Request to Return Retirement Contributions or Death of Member While Purchasing Service Credit by an Irrevocable Payroll Deduction Authorization

- A. If a member ~~separates from~~ terminates employment without transferring employment as specified in R2-8-513.01 while purchasing service credit by an ~~irrevocable payroll deduction authorization~~ Irrevocable Payroll Deduction Authorization and requests return of retirement contributions, the ASRS shall return any payments made for the purchase of service credit including interest earned on those payments as determined by the Board.
- B. If a member dies while purchasing service credit, the ASRS shall credit the member's account with:
 - 1. The service credit for which the ASRS received payment before the member's death,
 - 2. Interest earned on payment through the date of distribution at the valuation rate established by the Board ~~through the date of distribution~~, and
 - 3. All service purchase payments.

- C. If a member dies while purchasing service credit, the ASRS shall not permit the survivor to purchase the remaining balance.
- € D. The ASRS shall not refund interest charged as part of an ~~irrevocable payroll deduction authorization~~ Irrevocable Payroll Deduction Authorization as specified in R2-8-513(E)(1).